

**Little Theatre of Shreveport**  
Shreveport, Louisiana

Financial Statements  
June 30, 2012

# Little Theatre of Shreveport

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# Little Theatre of Shreveport

## Statement of Financial Position June 30, 2012

### Assets

Cash and cash equivalents	\$ 254,178
Investments	69,949
Grants receivable	37,585
Prepaid expenses	9,708
Property and equipment, net	<u>2,699,340</u>
Total assets	<u>\$ 3,070,760</u>

### Liabilities and net assets

Accounts payable	\$ 17,533
Deferred revenue	<u>40,686</u>
Total liabilities	<u>58,219</u>
Unrestricted net assets	<u>3,012,541</u>
Total liabilities and net assets	<u>\$ 3,070,760</u>

See accompanying notes and independent accountant's review report.

# Little Theatre of Shreveport

## Statement of Activities for the Year Ended June 30, 2012

	Unrestricted
Revenue and other support	
Contributions	\$ 50,820
Grants - state and local government	226,198
Grants - local private support	3,000
Ticket sales	121,885
Membership	29,894
Academy tuition and dues	13,554
Program ad sales	7,110
Total revenue and other support	<u>452,461</u>
Operating expenses	
Program expenses	
Salaries and other payroll costs	38,038
Contract labor	55,248
Advertising, marketing, and promotion	26,595
Production costs	66,327
Total program expenses	<u>186,208</u>
Management and general	
Bank and credit card charges	5,638
Building and grounds maintenance	9,710
Depreciation expense	64,939
Dues and subscriptions	1,178
Fundraising costs	3,813
Insurance	19,282
Office supplies	1,322
Professional service fees	9,633
State sales taxes	6,258
Utilities	22,676
Other	7,341
Total management and general	<u>151,790</u>
Total operating expenses	<u>337,998</u>
Other Income and Expenses	
Interest income	1,032
Unrealized gain on investment	3,459
Total other income (expenses)	<u>4,491</u>
Change in unrestricted net assets	118,954
Beginning net assets	<u>2,893,587</u>
Ending net assets	<u><u>\$ 3,012,541</u></u>

See accompanying notes and independent accountant's review report.

## Little Theatre of Shreveport

### Statement of Cash Flows for the Year Ended June 30, 2012

#### Cash flows from operating activities:

Change in net assets	\$	118,954
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation		64,939
Unrealized gain on investments	(	3,459)
Change in assets and liabilities:		
Decrease in accounts receivable	(	10,501)
Increase in prepaid expenses	(	303)
Increase in accounts payable		15,209
Increase in deferred revenue		27,390
Cash provided by operating activities		<u>212,229</u>

#### Cash flows from investing activities:

Purchase of capital assets	(	312,307)
Cash used in investing activities	(	<u>312,307</u>

Net increase (decrease) in cash and cash equivalents	(	100,078)
Cash and cash equivalents at beginning of period		<u>354,256</u>
Cash and cash equivalents at end of period	\$	<u><u>254,178</u></u>

See accompanying notes and independent accountant's review report.

# Little Theatre of Shreveport

Notes to Financial Statements  
June 30, 2012

## Note 1 Summary of Significant Accounting Policies

**Nature of Activities** – The Little Theatre of Shreveport ("SLT") is a nonprofit corporation organized under the laws of the State of Louisiana. SLT is one of the nation's oldest, continuously active community theatres. It is committed to producing a broad variety of quality, live theatre with predominantly volunteer participation from the community.

**Financial Statement Presentation** – Under the provisions of the Financial Accounting Standards Board in FASB ASC 958.205 and subsections (formerly known as SFAS No. 117, *Financial Statements for Not-For-Profit Organizations*), net assets and revenues and contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SLT and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations which may or will be met either by actions of SLT and/or the passage of time. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. SLT had no temporarily restricted net assets at June 30, 2012.

Permanently restricted net assets - Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by the SLT. Generally, the donors of these assets permit the SLT to use all or part of the income earned on related investments for general or specific purposes. SLT had no permanently restricted net assets at June 30, 2012.

**Income Tax Status** – SLT is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization other than a private foundation. SLT, therefore, is not subject to income taxes. However, income from activities not directly related to SLT's tax-exempt purpose is subject to taxation as unrelated business income. SLT had no such income for the year ended June 30, 2012.

On July 1, 2009, the SLT adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASB ASC, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in SLT's income tax returns. Management evaluated SLT's tax positions and concluded that SLT had taken no uncertain tax positions that required adjustments to the financial statements to comply with the provisions of this guidance. SLT is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for tax years prior to 2009.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents and Concentration of Credit Risk** – SLT considers money market funds and short-term investments with a maturity of less than three months from the acquisition date to be cash equivalents.

Cash and cash equivalents consist principally of demand deposits and money market funds at commercial banks. Cash deposits, as reflected in the banks' records, are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2012, SLT had no deposits in excess of FDIC coverage.

**Investments** – SLT carries its investment in stock with a readily determinable value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

**Deferred Revenue** – Deferred revenue consists of ticket sales and payments received in advance for theatrical productions to be performed in the following fiscal year. It also includes grant money and appropriations from local sources that were received in advance and will be used in the following fiscal year. Deferred revenue at June 30, 2012, was \$40,686.

**Fair Value Measurements** – SLT uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures of promises investments in equity securities.

The *Fair Value Measurements and Disclosure* Topic of the FASB ASC (formerly known as SFAS No. 157, *Fair Value Measurements*), defines fair value, establishes a framework for measuring fair value, outlines a fair value hierarchy based on inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

*Fair Value Hierarchy* – The *Fair Value Measurements and Disclosure* Topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that SLT has the ability to access at the measurement date.

Level 2 Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable inputs for the asset or liability.

*Determination of Fair Value* – Under the *Fair Value Measurements and Disclosure* Topic, SLT bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is SLT's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data are calculated using assumptions about discounted cash flow and other present value techniques. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

**Grants Receivable** – SLT has grants receivable recorded at the amount to be received. The grants receivable at June 30, 2011, is \$37,585.

**Contributions** – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Contributed Services** – SLT receives donated services from a variety of unpaid volunteers and actors who assist in programs services during the year. No amounts have been recognized in the accompanying statement of revenues, expenditures, and changes in net assets because the criteria for recognition of such volunteer effort under FASB ASC 958-605 and subsections have not been satisfied.

**Property and Equipment** – Property and equipment are recorded at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Additions with a cost or fair value of less than \$1,500 are expensed. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets. Renewals and improvements, which extend the economic life of such assets, are capitalized. Maintenance and repairs are charged to expense. For major dispositions, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

**Public Support** – All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor.

**Advertising Costs** – The SLT uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. SLT's advertising costs for the year ended June 30, 2012, were \$26,595.

**Economic Dependency** – SLT receives the majority of its revenues from funds provided through various state and local grants. If significant budget cuts are made at the state or local level, the amount of funds SLT receives could be reduced significantly or have an adverse impact on its operations.

**Subsequent events** – Subsequent events were evaluated through October 8, 2012, which is the date the financial statements were available to be issued, concluding there were no events requiring disclosure.

## Note 2 Investments

Investments consist only of shares of Johnson and Johnson stock. In May 2006, SLT received an unrestricted donation of stock. In May 2008, SLT purchased an additional 40 shares of stock. The following amounts are as of June 30, 2012:

	Fair Value	Cost or Donated Value	Unrealized Gain
Stock	\$ 69,949	\$ 54,875	\$ 15,074

The following schedule summarizes the unrestricted investment return classification in the statement of operations for the year ended June 30, 2012.

Interest income	\$ 1,032
Unrealized gain - investments	3,459
Total investment return	\$ 4,491

## Note 3 Property

A summary of property and equipment at June 30, 2012, is as follows:

Building and improvements	\$ 2,477,578
Furniture and equipment	11,686
Construction in progress	297,651
	2,786,915
Less: accumulated depreciation	( 87,575 )
Property and equipment, net	\$ 2,699,340

Depreciation expense was \$64,939 for the year ended June 30, 2012.



#### Note 4 Fair Value Measurements

The carrying amounts and estimated fair values of SLT's financial instruments for which it is practicable to estimate such values at June 30, 2012, are as follows:

	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 254,178	\$ 254,178
Investments	\$ 69,949	\$ 69,949
Grants receivable	\$ 37,585	\$ 37,585

The following methods and assumptions were used by SLT in estimating the fair value of its financial instruments:

**Cash and cash equivalents** – The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value because of the short maturities of those instruments.

**Investments** – Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices. SLT utilized Level 1 Inputs as defined in Note 1 above.

**Grants receivable** – The carrying amount reported in the balance sheet for grants receivable approximates its fair value because the balance will be received in less than one year.

Assets measured at fair value on a recurring basis comprise the following asset classes:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments	\$ 69,949	\$ -	\$ -

#### Note 5 Contingent Liability

We noted that the Parish of Caddo provided funds through a Cooperative Endeavor Agreement in February 2012 for \$10,000. These funds were limited to being used for the support of SLT's Youth Academy for scholarships and financial aid for students from low income families. The Cooperative Endeavor Agreement with the Parish of Caddo states that the funds must be returned if not used by December 31, 2012. As of June 30, 2012, SLT had used \$0.

In addition, conditions contained within the various grants awarded to SLT are subject to the funding agencies' criteria under which expenditures may be claimed and are subject to audit under such criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria that govern them. In such cases, SLT could be held responsible for repayments to the funding agency for the costs or be subject to reductions of future funding. Management does not anticipate any questioned costs for the grants administered during the period.

#### Note 6 Concentration of Revenue Sources

Approximately 47% of the total revenue and other support was earned under one cooperative endeavor agreement with the State of Louisiana for the funding of the Phase II construction of the theatre. This construction was substantially completed in August 2012. The current level of SLT's operations was impacted, accordingly.



Carr, Riggs & Ingram, LLC  
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Shreveport, Louisiana 71104

## Independent Accountant's Review Report

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The Board of Members  
Little Theatre of Shreveport  
Shreveport, Louisiana

We have reviewed the accompanying statement of financial position of the Little Theatre of Shreveport (a not-for-profit organization) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Little Theatre of Shreveport's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated October 8, 2012, on the results of our agreed-upon procedures.

*CARR, RIGGS & INGRAM, LLC*

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana  
October 8, 2012

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Mailing Address:  
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The Board of Members  
Little Theatre of Shreveport  
Shreveport, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Little Theatre of Shreveport ("SLT") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about SLT's compliance with certain laws and regulations during the year ended June 30, 2012, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose.

### Federal, State, and Local Awards

1. Determine the amount of federal, state, and local government award expenditures for the fiscal year, by grant and grant year.

Below is a list of federal, state, and local government grant/award expenditures for the fiscal year, by grant and grant year.

Award	Grant Year	Amount
State of Louisiana, Capital Outlay Appropriation, Act 27 of 2006	2006	213,151
La. Office of Cultural Development, Division of the Arts, Stabilization Grant, FY 12-6	2011-2012	8,000
Shreveport Regional Arts Council, Regrant, General Operating Support	2010-2011	1,000
Shreveport Regional Arts Council, La. Decentralized Arts Funding Program	2010-2011	603
Shreveport Regional Arts Council, Regrant, General Operating Support	2011-2012	3,444
<b>Total expenditures</b>		<b>\$226,198</b>

2. For each federal, state, and local award, we randomly selected six (6) disbursements administered during the period under examination, provided that no more than 30 disbursements in total would be selected. If there were less than six disbursements related to a particular grant or award, all of the disbursements were selected.
3. For the items selected in procedure two, we traced the disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for the disbursements selected and found that payment was for the proper amount and made to the correct payee.

4. For the items selected in procedure two, we determined if the disbursements were properly coded to the correct fund and the general ledger account.

All payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure two, we determined if the disbursements received approval from proper authorities.

All payments were properly approved by the Managing Director and/or the President of the Board Directors.

6. For the items selected in procedure two, for state awards, we determined whether the disbursements complied with the applicable specific program compliance requirements summarized in the *Compliance Supplement* (or contained in the grant agreement, if the program is not included in the *Compliance Supplement*) and for state and local awards, we determined whether the disbursements comply with the grant agreement, relating to:

- Activities allowed or unallowed

We reviewed the previously listed disbursements for types of services allowed or not allowed. All disbursements complied with the allowability requirements.

- Eligibility

We reviewed the previously listed disbursements for eligibility requirements. When applicable, all disbursements complied with the eligibility requirements.

- Reporting

We reviewed the previously listed disbursements for reporting requirements. When applicable, all disbursements complied with the reporting requirements.

7. For the programs selected for testing in item (3) that were closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

There were three grants closed in the period under review. We compared the close-out/final report for this grant program with the entity's financial records. The amounts reported on the close-out/final reports agreed to the entity's financial statements.



### **Open Meetings**

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

We observed evidence that management properly advertised the annual June meeting.

### **Budget**

9. For all grants exceeding five thousand dollars, we determined that each applicable state or local grantor agency/agencies was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

SLT provided comprehensive budgets to the applicable state grantor agencies for the programs mentioned previously. These budgets specified the anticipated use of the funds, estimates of the duration of the projects, and plans showing specific goals and objectives that included measures of performance.

### **Prior Comments and Recommendations**

10. We reviewed any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

For the year ended June 30, 2011, SLT was required to have an audit rather than a review due to the level of funding from the state of Louisiana. Therefore, agreed-upon procedures were not performed; therefore, no comments or recommendations were made related to agreed-upon procedures. There were prior year comments related to the audit. These can be found on page 15 of this report.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Little Theatre of Shreveport, the Legislative Auditor, State of Louisiana, and the applicable state grantor agencies, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*CARR, RIGGS & INGRAM, LLC*  
CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana  
October 8, 2012

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Quasi-public Agencies)**

October 8, 2012 (Date Transmitted)

Carr, Riggs and Ingram, LLC

650 Olive Street

Shreveport, LA 71104

(Auditors)

In connection with your review of our financial statements as of June 30, 2012 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

**Federal, State, and Local Awards**

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [☒] No [ ]

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes [☒] No [ ]

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [☒] No [ ]

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [☒] No [ ]

### Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes ☒ No ☐

### Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

### Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Marcia W. Cassanova Secretary 9-4-2012  
Date  
William J. Jemell Treasurer 9-5-2012  
Date  
[Signature] President 9-5-2012  
Date

**Little Theatre of Shreveport**  
**Schedule of Findings and Responses**  
**for the Year Ended June 30, 2012**

**Current Year Findings**

**2012-1 Preparation of Financial Statements and Significant Proposed Adjustments**

**Year of Origin: 2011**

**Criteria:** The Organization is responsible for accumulating and providing accurate financial information.

**Condition:** As is common in small operations, management of the Little Theatre of Shreveport has chosen to engage the auditors to propose certain year-end adjusting journal entries and to assist in the preparation of their annual financial statements. This condition is intentional by management based upon SLT's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of the annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established.

**Effect:** The financial statements required significant adjustments, the aggregate of which were material to the financial statements taken as a whole.

**Cause:** Little Theatre of Shreveport has only two employees, the Box Office Manager and the Managing and Artistic Director. The Managing and Artistic Director records the cash receipts and disbursements into Quicken on a cash basis.

**Recommendation:** Whether or not it would be cost effective to correct a control deficiency is not a factor in applying reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies reported. In this case, we do not believe that correcting the control deficiency described above is cost effective or practical and, accordingly, do not believe that any corrective action is necessary.

**Management's Response:** We concur with the finding.

**2012-2 Segregation of Duties**

**Year of Origin: 2011**

**Criteria:** The Organization is responsible to design adequate controls to prevent misappropriation of assets.

**Condition:** Our examination disclosed that there is a lack of segregation of duties within the organization. This control deficiency is due to the fact that the organization has a very small staff and only one person is primarily responsible for ticket sales and deposits. Additionally, one person has the ability to write checks, post transactions, and the responsibility for perform bank reconciliations.

**Effect:** Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected.

**Cause:** Understandably, since the organization has such a small staff, the most ideal system of internal control or the most desirable accounting system may not be practicable. Also, the hiring of additional employees to handle separate aspects of the accounting function might exceed any benefits gained.



**Recommendation:** Based upon the cost-benefit of hiring additional accounting personnel, it may not be feasible to achieve complete segregation of duties. We recommend that the organization's board of directors continue to closely monitor all records and transactions.

**Management's Response:** We concur with the finding.

#### **Prior Year Findings**

##### **2011-1 Preparation of Financial Statements and Significant Proposed Adjustments**

**Year of Origin: 2011**

**Current Status:** No corrective action was deemed necessary; however, we still considered it necessary to repeat the comment in the current year. See current year finding 2012-1.

##### **2011-2 Segregation of Duties**

**Year of Origin: 2011**

**Current Status:** The organization's board of directors continues to closely monitor all records and transactions; however, we still considered it necessary to repeat the comment in the current year. See current year finding 2012-2.

## Management Letter

Mailing Address:  
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The Board of Members  
Little Theatre of Shreveport  
Shreveport, Louisiana

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We have reviewed the accompanying statement of financial position of the Little Theatre of Shreveport (SLT) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended.

This letter includes comments and suggestions with respect to matters that came to our attention. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving SLT's practices and procedures.

### Scholarship Policies and Procedures

#### *Condition:*

We noted during our review that the SLT Academy students may apply for scholarships based on need or merit. Students complete applications to participate in productions. There is place on the application where the student can indicate whether or not he or she is applying for a scholarship. If awarded, SLT waives the tuition and/or fees. We noted that there are no written policies and procedures for awarding the scholarships. We also noted there was no documentation of approval by management.

#### *Recommendation:*

We recommend that SLT implement written policies and procedures for awarding scholarships to students. These policies should set forth criteria used to award the scholarships based on merit and/or need. Decisions regarding the awarding of scholarships should be documented and signed by the person or persons making those decisions and should also be approved by management. This documentation should be maintained in the student files.

#### *Views of responsible officials and corrective actions:*

Management agrees to implement more structure in the process of awarding scholarships. The scholarship application process and approvals will be documented and maintained.

We recommend management address the foregoing issues as an improvement to operations. We are available to further explain the suggestion or help implement the recommendation.

This communication is intended solely for the information and use of management, SLT's Board of Directors and others within the organization, is not intended to be, and should not be used by anyone other than these specified parties.

*CARR, RIGGS & INGRAM, LLC*  
CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana  
October 8, 2012